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April 21, 2009

AGENDA ITEM 5

TO: MEMBERS OF THE BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

I. SUBJECT: June 30, 2008 Legislators' Retirement System Actuarial Valuation Report and Transmittal Letter to the Governor and Legislature.

II. PROGRAM: Actuarial & Employer Services

III. RECOMMENDATION:

It is recommended that the Committee accept and recommend to the Board of Administration approval of the June 30, 2008 Legislators' Retirement System Actuarial Valuation Report and transmittal letter with adoption of an employer contribution of \$0 as well as a 0% contribution rate for all members for the period of July 1, 2009 to June 30, 2010.

IV. ANALYSIS:

Enclosed is the CalPERS staff actuarial valuation report as of June 30, 2008, for the Legislators' Retirement System. Also attached is the transmittal letter to the Governor and Legislature. The following table summarizes key results from the valuation:

| | June 30, 2007 (FY 2008-09) | June 30, 2008 (FY 2009-10) |
|--|----------------------------|----------------------------|
| Present Value of Benefits | \$105,930,911 | \$107,132,419 |
| Actuarial Value of Assets | \$141,603,105 | \$142,350,628 |
| Superfunded | Yes | Yes |
| Market Value of Assets | \$142,209,494 | \$134,140,160 |
| Investment Return | 12.6% | 0.2% |
| Recommended Employer Contribution | \$0 | \$0 |
| Recommended Employee Contribution Rate | 0% | 0% |

A court case regarding alleged past due payments totaling approximately \$8 million is pending. Regardless of the outcome, the LRS plan is expected to continue to be superfunded. However, such a payment would impact the plan by significantly reducing the length of time that the fund would be superfunded which would lead to requiring contributions again.

In February 2000, the Board of Administration moved to set the member contribution rate of this system to 0% on an annual basis according to the superfunded status of this system. Accordingly, it is recommended that the Board of Administration adopt a member contribution rate of 0% for the coming fiscal year of July 1, 2009 to June 30, 2010.

The June 30, 2008 actuarial valuation establishes the actuarially required employer contribution for the fiscal year July 1, 2009, through June 30, 2010.

V. STRATEGIC PLAN:

This item is not a specific product of the Strategic or Annual Plans but is part of the regular and ongoing workload of the Actuarial & Employer Services Division.

VI. RESULTS/COSTS:

See enclosed actuarial report.

David Clement, Senior Pension Actuary
Actuarial & Employer Services Division

Ron Seeling, Chief Actuary
Actuarial & Employer Services Division

Attachments